

ASX Announcement
31 October 2019

Quarterly Activities Report **Quarter Ended 30 September 2019**

AustSino Resources Group Limited ("**AustSino**" or the "**Company**") is pleased to present its quarterly activities report for the period ended 30 September 2019.

Operational

Sundance and WAPRC Transactions

In early July, the Company completed a new agreement (**New SDL Agreement**) with Sundance Resources Ltd (ASX: SDL) (**Sundance**) following the expiry of the previous agreement on 30 June 2019.

Key features of the New SDL Agreement include:

- Sundance will now issue to AustSino 11,153,846,154 ordinary shares at an issue price of A\$0.0026 per share, together with the grant of 11,153,846,154 unlisted options at an exercise price of A\$0.02 and an expiry date of five years after the date of issue, which are subject to a number of conditions precedent to be satisfied or waived by 31 December 2019, or another date agreed by the parties.
- AustSino will still acquire approximately 50% of **Sundance** following the completion of the New SDL Agreement, resulting in a change of control of Sundance.
- The cash payable by AustSino on completion of the New SDL Agreement will now be \$29 million. Of this, \$25 million will be paid to Noteholders and \$4 million will be retained by Sundance.
- In exchange for the cancellation of the existing convertible notes in Sundance held by a number of noteholders (**Convertible Notes**) (**Cancellation**) and, in addition to the cash payment to the noteholders, Sundance will now issue to the noteholders:
 1. 2,000,000,000 shares at a deemed issue price of A\$0.004; and
 2. 5,000,000,000 unlisted options at an exercise price of A\$0.02 and an expiry date of five years after the date of issue.
- Cancellation of the Convertible Notes will leave Sundance virtually debt free.
- AustSino will provide some financial support as required by Sundance to part support its working capital requirements until completion of the New SDL Transaction.
- The New SDL Transaction will require a number of regulatory and shareholder approvals before completion. The Company and SDL are targeting the satisfaction of such conditions by 31 December 2019.

Further details of the New SDL Agreement, including more details regarding the key terms and key conditions precedent along with the key differences to the previous Sundance Agreement, are noted in the Company's ASX announcement released on 8 July 2019.

On 22 October 2019, the Company announced that Sundance and AustSino had signed a letter agreement (**SDL Letter Agreement**) and have agreed to extend the end date for completion of the New SDL Agreement to 30 June 2020. Under the terms of the letter agreement:

- AustSino will continue to provide financial support to Sundance of \$300,000 per month until completion occurs or until 30 June 2020.
- Sundance and AustSino have agreed to release each other (and their relevant personnel) from any claims or liabilities arising under or in connection with the Second Placement Agreement prior to 22 October 2019 (the date of the SDL Letter Agreement).
- AustSino will issue approximately 107,692,308 fully paid ordinary AustSino shares to Sundance, at a deemed issue price of \$0.013 per share, by no later than 5 business days after receipt of written agreement from all Noteholders to the SDL Letter Agreement (which Sundance and AustSino expect to receive by late November 2019).

The new letter agreement is also conditional on:

- written agreement of the noteholders to the SDL Letter Agreement by 31 December 2019 (but which Sundance and AustSino expect to receive by late November 2019); and
- the parties to the WAPRC Agreement, which was signed on or around 24 September 2019, agreeing to extend the deadline for satisfaction of all conditions precedent under that WAPRC Agreement from 31 December 2019 to 30 June 2020, by 1 December 2019 (which Sundance and AustSino expect to receive by mid November 2019).

Further details of the SDL Letter Agreement is noted and explained in the Company's ASX announcement released on 22 October 2019.

Mbalam Convention Update

During the quarter and up to the date of this release, Sundance and AustSino representatives have had a number of meetings regarding the reinstatement of the Mbalam Convention with the Prime Minister's office and the Presidency in Cameroon and have been encouraged by these meetings.

Further meetings and discussions are also planned to take place in Africa and China before the end of 2019.

Corporate - Other

On 6 August 2019, 3,000,000 fully paid ordinary shares were released from escrow.

Tenement Management

The Company is still in the process of reviewing and finalising its program of works for the latter portion of 2019 and into 2020. This will again involve all of our tenements with a focus on increasing the resource already identified and previously announced and rationalising the tenements that we hold. In August 2019, tenement E52/1862 was surrendered.

The Company has a significant mineral resource tonnage of 700Mt above a 15% Mass Recovery of Iron - a robust magnetite resource, with encouraging concentrate composition. In addition, it have 11.5MT of DSO with upside potential for further discovery of both magnetite and DSO.

Following is a schedule of AustSino's tenements as at 30 September 2019:

Area of Interest	Tenement Reference	Interest
Western Australia		
Peak Hill	M 52/1068	100%
Peak Hill	E 52/1557	100%
Peak Hill	E 52/1860	100%
Peak Hill	E 52/2368	100%
Peak Hill	E 52/2993	100%
Peak Hill	E 52/3598	100%
Mt Padbury	E 52/1976	100%

Further inquiries:

Henko Vos

Company Secretary T: +61 8 9463 2463

